



96TH GENERAL ASSEMBLY

State of Illinois

2009 and 2010

HB4562

Introduced 5/14/2009, by Rep. Darlene J. Senger

SYNOPSIS AS INTRODUCED:

New Act

Creates the Tax Credit Advantage Loan Program Act. Provides that the Illinois Housing Development Authority may, in cooperation with eligible lenders, establish a program to make tax credit advantage loans, secured by a second mortgage, available to qualified home buyers for qualified home purchases. Limits loans under this program to no more than \$4,800 or 6% of the contract purchase price of the home, whichever is less. Provides that if a tax credit advantage loan is repaid on or before June 30, 2010, then it shall not accrue interest. Provides that if a tax credit advantage loan is not repaid by that date, then it shall bear interest at a rate that is one-half of a percentage point higher than the interest rate of the first mortgage. Grants the Authority emergency rulemaking powers. Defines "Authority", "eligible lender", "I-LOAN program", "qualified home buyer", "qualified home purchase", and "tax credit advantage loan". Effective immediately.

LRB096 12897 JDS 26757 b

FISCAL NOTE ACT
MAY APPLY

HOUSING
AFFORDABILITY
IMPACT NOTE ACT
MAY APPLY

1 AN ACT to create the Tax Credit Advantage Loan Program.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 1. Short title. This Act may be cited as the Tax
5 Credit Advantage Loan Program Act.

6 Section 5. Legislative findings. The General Assembly
7 finds that it is in the interest of the State to enable
8 first-time home buyers in need of closing and down payment
9 assistance to borrow funds on a short-term basis in
10 anticipation of receiving their federal 2009 First-Time Home
11 Buyer Credit.

12 Section 10. Definitions. As used in this Act:

13 "Authority" means the Illinois Housing Development
14 Authority.

15 "Eligible lender" means a lending institution that the
16 Authority has authorized to participate in the Tax Credit
17 Advantage Loan Program and that participates, as of the
18 effective date of this Act, in the I-LOAN Program.

19 "I-LOAN program" means the mortgage revenue bond program
20 administered by the Authority.

21 "Qualified home buyer" means a person who the Authority has
22 determined to be eligible to receive the federal First-Time

1 Home Buyer Credit in 2009.

2 "Qualified home purchase" means a home purchase that closes
3 on or after the effective date of this Act but before December
4 1, 2009.

5 "Tax credit advantage loan" means a short-term loan made
6 under this Act in exchange for a second mortgage to a qualified
7 home buyer during a qualified home purchase.

8 Section 15. Tax Credit Advantage Loan Program.

9 (a) The Authority may, in cooperation with eligible
10 lenders, establish a program to make tax credit advantage loans
11 available to qualified home buyers for qualified home
12 purchases. Tax credit advantage loans may be made for no more
13 than \$4,800 or 6% of the contract purchase price of the home,
14 whichever is less. Tax credit advantage loans repaid on or
15 before June 30, 2010 shall not accrue interest. However, tax
16 credit advantage loans not repaid by that date shall, on and
17 after July 1, 2010, bear interest at a rate that is one-half of
18 a percentage point higher than the interest rate of the loan
19 secured by the first mortgage.

20 (b) The Authority shall charge an origination fee of \$300,
21 which shall be bundled into the second mortgage, to each
22 qualified home buyer who receives a tax credit advantage loan.
23 Eligible lenders may charge a loan processing fee of \$75 to
24 each qualified home buyer who receives a tax credit advantage
25 loan.

1 (c) Underwriting for tax credit advantage loan financing
2 shall be carried out by the eligible lender and shall be
3 bundled into the underwriting for the first mortgage.

4 (d) The Authority may provide for crediting the amount of
5 the origination fee to the borrower if the tax credit advantage
6 loan is repaid on or before June 30, 2010.

7 Section 95. Rulemaking. To expedite the implementation of
8 this Act, the Authority may adopt emergency rules as authorized
9 under Section 5-45 of the Illinois Administrative Procedure
10 Act.

11 Section 99. Effective date. This Act takes effect upon
12 becoming law.